



## **ENVIRONMENTAL PROTECTION AGENCY**

**[FRL-10023-79-OAR]**

### **Availability of Data on Allocations of Cross-State Air Pollution Rule Allowances to Existing Electricity Generating Units**

**AGENCY:** Environmental Protection Agency (EPA).

**ACTION:** Notice of data availability.

**SUMMARY:** Under the Cross-State Air Pollution Rule (CSAPR) trading program regulations, EPA allocates emission allowances to existing electricity generating units as provided in a notice of data availability (NODA). In the Revised CSAPR Update promulgated earlier this year, EPA finalized default allocations of CSAPR NO<sub>x</sub> Ozone Season Group 3 allowances to existing units in Illinois, Indiana, Kentucky, Louisiana, Maryland, Michigan, New Jersey, New York, Ohio, Pennsylvania, Virginia, and West Virginia from the new state emissions budgets for the control periods in 2021 and subsequent years. In the same rule, EPA also finalized a formula for determining supplemental amounts of allowances to be issued for the 12 states for the 2021 control period and a methodology for allocating each state's supplemental allowances among the state's existing units. Through this NODA, EPA is providing notice of the availability of data on the allowance allocations to existing units from both the state emissions budgets and the supplemental allowances, as well as the data upon which the allocations are based.

**FOR FURTHER INFORMATION CONTACT:** Questions concerning this notice should be addressed to Michael Cohen at (202) 343-9497 or [cohen.michael@epa.gov](mailto:cohen.michael@epa.gov).

**SUPPLEMENTARY INFORMATION:** In the Revised CSAPR Update, EPA established new emissions budgets for ozone season emissions of nitrogen oxides (NO<sub>x</sub>) in 2021 and subsequent years for 12 eastern states and promulgated federal implementation plan (FIP) provisions requiring affected units in those states to participate in the CSAPR NO<sub>x</sub> Ozone Season Group 3

Trading Program.<sup>1</sup> Beginning with the 2022 control period, each covered state generally has the option to determine how the CSAPR NO<sub>x</sub> Ozone Season Group 3 allowances in its state emissions budget should be allocated among the state's units through a state implementation plan (SIP) revision.<sup>2</sup> However, for the 2021 control period, and by default for subsequent control periods for which a state has not provided EPA with the state's own allocations pursuant to an approved SIP revision, the unit-level allocations are determined by EPA. For units that commenced commercial operations before January 1, 2019, termed "existing" units for purposes of this trading program, EPA determined default allocations of CSAPR NO<sub>x</sub> Ozone Season Group 3 allowances from the state emissions budgets for all control periods in the Revised CSAPR Update rulemaking. For units commencing commercial operation on or after January 1, 2019, termed "new" units for purposes of this trading program, EPA will determine the default allocations annually after each control period by applying a methodology in the regulations to data for that control period.<sup>3</sup>

To ensure that the enhanced control stringency of the Revised CSAPR Update's new state emissions budgets will apply only after the rule's effective date, for the control period in 2021 the rule provides for EPA to issue supplemental allowances for the covered states in amounts determined under a formula that accounts for the portion of the 2021 ozone season occurring before the rule's effective date.<sup>4</sup> Subsequent to the rulemaking, EPA has computed the amounts of supplemental allowances for each state according to the formula and has also determined the allocations of each state's supplemental allowances among the state's existing units. The rule does not provide for allocations of supplemental allowances to new units.

Through this NODA, EPA is providing notice of the availability of data on the unit-level allocations of CSAPR NO<sub>x</sub> Ozone Season Group 3 allowances to existing units from both the

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<sup>1</sup> See Revised Cross-State Air Pollution Rule Update for the 2008 Ozone NAAQS, 86 FR 23054 (April 30, 2021).

<sup>2</sup> See 40 CFR 52.38(b)(10) through (12) as amended in the Revised CSAPR Update.

<sup>3</sup> See 40 CFR 97.1011(b) and 97.1012.

<sup>4</sup> See 40 CFR 97.1010(d).

state emissions budgets and each state’s supplemental allowances. The allocations are shown in an Excel spreadsheet entitled “Updated Unit-Level Allocations and Underlying Data for the Revised CSAPR Update for the 2008 Ozone NAAQS” that has been posted on EPA’s website at <https://www.epa.gov/csapr/revised-cross-state-air-pollution-rule-update>. The spreadsheet contains the default unit-level allocations of allowances from the state emissions budgets for each control period starting with 2021, the unit-level allocations of supplemental allowances for the 2021 control period, and the data used to compute the allocations. The spreadsheet is an update of an earlier version that was included in the docket for the final Revised CSAPR Update and that contained the same default allocations of allowances from the state emissions budgets but did not contain the allocations of supplemental allowances. All allocations have been determined according to the allocation methodology finalized in the Revised CSAPR Update rulemaking.<sup>5</sup> EPA is not requesting comment on the allocations, the underlying data, or the allocation methodology.

In accordance with the deadlines set forth in the regulations, EPA will generally record allocations of CSAPR NO<sub>x</sub> Ozone Season Group 3 allowances to existing units for the 2021 control period by July 29, 2021.<sup>6</sup> EPA will also generally record allocations to existing units for the 2022 control period by that same date except in instances where a state has provided EPA with timely notice of the state’s intent to submit a SIP revision with state-determined allowance allocations replacing EPA’s default allocations for the 2022 control period.<sup>7</sup> However, in the case of any source that has not yet fully complied with the Revised CSAPR Update’s requirements concerning the recall of CSAPR NO<sub>x</sub> Ozone Season Group 2 allowances allocated for control periods after 2020, recordation of CSAPR NO<sub>x</sub> Ozone Season Group 3 allowances will be deferred until the source has fully complied with the recall requirements.<sup>8</sup>

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<sup>5</sup> See Allowance Allocation Under the Revised CSAPR Update Final Rule TSD, available at <https://www.epa.gov/csapr/revised-cross-state-air-pollution-rule-update>; see also 86 FR 23128-34.

<sup>6</sup> See 40 CFR 97.1021(a).

<sup>7</sup> See 40 CFR 97.1021(b).

<sup>8</sup> See 40 CFR 97.1021(m); see also 40 CFR 97.811(d).

EPA notes that an allocation or lack of allocation of emission allowances to a given unit does not constitute a determination that CSAPR does or does not apply to the unit.<sup>9</sup> EPA also notes that allocations are subject to potential termination or correction under the regulations.<sup>10</sup>

Authority: 40 CFR 97.1011(a)(1).

**Reid Harvey,**

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<sup>9</sup> See 40 CFR 97.1011(a)(1).

<sup>10</sup> See 40 CFR 97.1011(a)(2) and (c).